

**Department of Management and Budget  
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000  
To Current Contracts for Computer Software Development,  
Hardware Acquisition, or Quality Assurance**

Sec. 713 of Public Act 161 of 2003

(June 2, 2004)

Questions regarding this report may be directed to Jim Konrad, 517-373-0315

June 1, 2004

**BID TABULATION AND RECOMMENDATION FOR AWARD  
DEPARTMENT OF MANAGEMENT AND BUDGET  
ACQUISITION SERVICES**

**CONTRACT DESCRIPTION:** 071B2001357 - Consulting Services for HRMN -  
Department of Information Technology for Department  
of Civil Service

**CONTRACT PERIOD -  
BASE YEAR(S):** 03/01/02 through 2/28/03 (1 year)

☐ - OPTION 1

☐ - OPTION 2

☐ - OPTION 3

<b>CONTRACTOR:</b>	<b>INCREASE</b>
ARM Consulting Corp., Sherwood, OR	\$696,280.00

☒ - Check if AS1 received by Acquisition Services and reviewed by DMB

☒ - Check if request is to extend contract (no option in base contract) - Time period of extension: 6/27/04 through 6/26/05 (1 year)

☐ - Check if extension request is beyond option year(s) - Time period of extension:

**PURCHASE JUSTIFICATION:**

**Description of Product Service Requested:** This contract amendment will allow for the completion of priority HRMN projects as well as continue critical application and technical support for the HRMN system. ARM consultants are Lawson product specialists and during the extension period will provide structured technical training in Lawson/HRMN applications to become self sufficient. ARM will continue to provide support in response time for solutions, production emergencies, development and maintenance activities and project oversight in coordination with DIT.

**Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes:** By continuing to provide management and technical services to DCS and DIT it is anticipated that key projects will be completed on time and within budget, accelerating the timeframes in which enterprise solutions and the associated efficiencies are realized by the State's HR community.

**Commitment:** Payment will be made when services are rendered.

**Funding Source:** 65% Restricted and 35% General Fund

**Risk Assessment:** The extension of this contract will allow for continued strategic deployment of state business resources as well as the transfer and development of core system knowledge. Elimination of this contract would require delays in the execution and implementation of in process projects, delays to upgrades to functionality in the system, and gaps in the continuing education of key state technical resources. This means that the state would also delay the savings realized from the integration and implementation of additional enterprise-wide HR solutions.

**Cost Reduction Consideration:**

**A. Negotiated Savings:** New hourly rate for Mark Miller - \$169.00/hr to \$143.00/hr

**B. Cost Avoidance:**

**C. Total Savings:** \$131,820 (old rate) - \$111,540 (new rate) = 20,280.00 (15%)

**PRICE CLAUSE:** Pricing to remain firm for the duration of the contract.

**CS-138:** 191S3000006

**ORIGINAL CONTRACT AMOUNT:** \$790,320.00

**CURRENT CONTRACT AMOUNT:** \$2,024,414.00

**PROPOSED AMENDMENT INCREASE AMOUNT:** \$696,280.00

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT:** 88%

**PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT:** 34%

**ESTIMATED 04 FISCAL YEAR INCREASE:** \$232,093.00

**NEW TOTAL CONTRACT COST:** \$2,720,694.00

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**Buyer Signature**

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**Manager Signature**

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**Division Director Signature**

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**Acquisition Services Director Signature**